



Mortgage Services III, LLC
A Subsidiary of First State Bank Member FDIC

Correspondent Partner Announcement

"Striving to be the Best...not the biggest."

Issue Date 2/25/09

Effective Date Varies

CPA 2009-007-Corrected

Conventional Loan Product Changes, Change in Extension Fees

Purpose

- This communication announces the following:
- ✓ Clarification: Commonwealth and Lawyers Title and Closing Protection Letters.
 - ✓ Government Loan FICO Reminder.
 - ✓ Verbal VOE Reminder.
 - ✓ Elimination of the Conventional ARM Interest Only Product sub-set.
 - ✓ Change in MSI extension Fees.
 - ✓ Introduction of the Conventional High Balance Product sub-set.

Effective Date

See the individual topics for details.

Commonwealth and Lawyers Title

Fidelity has completed the purchase of Commonwealth and Lawyers Title. MSI will accept Closing Protection Letters and Title Insurance issued in the name of Commonwealth or Lawyers, no additional documentation is required.

Reminder-Government FICO

Reminder that **effective for loans locked on/after 3/02/09** the MSI minimum FICO for all FHA and VA loans (including streamline refinance loans) is increasing from 600 to 620.

Reminder Verbal VOE

- Important Reminder:** MSI requires that a Verbal VOE be completed on each loan:
- ✓ MSI requires completion of a Verbal Verification of Employment (V-VOE) at time of underwriting **and 5-calendar days prior to close/disbursement**.
 - ✓ The V-VOE's must be included in every loan file (or documentation) delivered to MSI for funding/purchase (regardless of underwriter).
 - ✓ MSI will not fund/purchase a loan without an acceptable pre-closing Verbal VOE. If not included in the documents sent for delivery, MSI will re-verify the employment prior to funding/purchase. If the borrower is no longer employed, MSI will not fund/purchase the loan.
 - ✓ See the [Seller Guide/Underwriting](#) for full details and requirements.

Conforming ARM Interest Only Product

Effective for loans locked on/after 3/02/09 MSI is eliminating the ARM Interest Only product. Interest Only loans that locked prior to 3/02/09 must be delivered within the current commitment. Extensions and re-locks may be accommodated on an individual basis.

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Conventional Loan Product Changes, Change in Extension Fees, Continued

Extension Fees

Effective for all loans **extended** (regardless of commitment date) on/after 3/02/09, MSI is updating the extension fee schedule as follows:

Extension Fee Matrix	
Extension Period	Fee
REV (3/02/09) 1 – 30 Days	2.0bps (.020) per calendar day – 30 day maximum
31-60 Days	3.0 bps (.030) per calendar day – 30 day maximum

Conventional High Balance

Effective for loans locked on/after 3/02/09, MSI is pleased to announce the conventional High Balance product.

- ✓ Conventional High Balance is eligible only to those properties identified by Fannie Mae and Freddie Mac to be in the High Balance geographic areas.
- ✓ Conventional High Balance loans are subject to Agency and MSI restrictions.
- ✓ A snap-shot summary of the product is provided herein.
- ✓ MSI has added a new High Balance Product sub-set to the Conforming Product Suite. **Please see the revised Product Suite for full details.**

MSI Loan Limits

The matrix below outlines the minimum and maximum loan amounts for the MSI Conventional High Balance product.

- ✓ All "Conventional High Balance" loan amounts are eligible only in specific geographic areas and must be confirmed/validated for the area using the HUD Web Site (<https://entp.hud.gov/idapp/html/hicostlook.cfm>) and choosing, Fannie/Freddie/CY2009.
- ✓ A copy of the screen print, validating the "high balance" loan amount must be included in the credit section of the loan file.

Number of Units	Minimum Loan Amount	Maximum Loan Amount
1	\$417,001	\$625,000
2	\$533,851	\$800,775
3	\$645,301	\$967,950
4	\$801,951	\$1,201,150

Note: MSI does not lend in Alaska, Hawaii or any US Territories (Guam, Puerto Rico, etc).

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Conventional High Balance, Continued Loan Parameters – MSI Conventional High Balance

Units	Owner Occupied-Primary			Second Home			Investment			Maximum DTI
	Maximum		Minimum FICO	Maximum		Minimum FICO	Maximum		Minimum FICO	
	LTV	CLTV		LTV	CLTV		LTV	CLTV		
Purchase										
1 (1)	90.00	NP	720	80.00	90.00	620 (2)	NP (Not Permitted)			45%
1	80.00	90.00	620 (2)	N/A						45%
2 - 4	75.00	75.00	620 (2)	NP (Not Permitted)						45%
Rate/Term Refinance (R/T) Transactions										
1 (1)	90.00	NP	720	80.00	90.00	620 (2)	NP (Not Permitted)			45%
1	80.00	90.00	620 (2)	N/A						45%
2 - 4	75.00	75.00	620 (2)	NP (Not Permitted)						45%
Cash-Out (C/O) Transactions										
1 - 4	75.00	75.00	620 (2)	NP (Not Permitted)			NP (Not Permitted)		45%	
Notes:										
(1) PUD and Condo: Maximum LTV is 85.00% with a 720 Minimum FICO. Subordinate Financing is NP (Not Permitted)										
(2) FRM: Minimum 620, regardless of AUS. ARM: Minimum 680, regardless of AUS										
✓ Florida Restrictions: Condo Max LTV = 75.00%; See State Restrictions for details. Owner-Occupied only.										
✓ Temporary Buydowns are not permitted.										
✓ Prepayment Penalty features are not permitted										
✓ 40-year terms are not permitted										
✓ Texas Section 50a6 (Texas Cash Out) loans are not permitted										
✓ LPMI is not permitted.										
✓ Borrower paid single premium insurance is permitted.										

Seller guide

The applicable updated Seller Guide chapters will be posted within 24-hours of the effective date.

Questions

Please contact your Correspondent Account Executive with any questions.

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